

2008-2009 PERFORMANCE PLAN – Senior Portfolio Manager, Internal Equity Strategies (D. Bienvenue)

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Quantitative Performance Measures

| Weight | Factor | Performance Measure | Incentive Schedule |
|--------|---|---|--|
| 20% | Passive Domestic | Return deviation in basis points relative to: CalPERS Domestic Passive Portfolio versus CalPERS Custom Wilshire 2500 Internal Micro Cap Index {SJ64 – Y082} (95%) {SW9P – VEA2} (5%) | -30 basis points = 0 -10 basis points = 1.0 0 basis points = 1.5 |
| 20% | Index International | Return deviation in basis points relative to: International Equity Index Portfolio versus CalPERS FTSE Dev World Ex US & Tobacco {SWB3 – QR32} | - 30 basis points = 0 - 10 basis points = 1.0 0 basis points = 1.5 |
| 15% | Global Equity Performance | Return deviation in basis points relative to: Global Equity Performance Benchmark. {GLOBLIC – CPERSGE2} | - 50 basis points = 0 -10 basis points =1.0 +15 basis points =1.5 |
| 10% | Total Fund | Return deviation in basis points relative to: Total Fund performance versus Total Fund benchmark {SJ1CA1 – CPERSTO2} | - 40 basis points = 0 0 basis points = 1.0 + 20 basis points = 1.5 |
| 5% | Internal Active Equity | Excess return deviation in basis points relative to: Internal Enhanced Equity Portfolio versus CalPERS Custom Wilshire 2500. {SW5J – Y082} | 0 basis points = 0 +30 basis points = 1.0 +60 basis points = 1.5 |
| 5% | Dynamic Completion | Return deviation in basis points relative to: Dynamic Completion Portfolio versus Custom DCF Benchmark {SW2M – ZZV2} | -200 basis points = 0 -100 basis points = 1.0 0 basis points = 1.5 |
| 5% | Risk Managed Absolute Return Strategies Program | Return deviation in basis points relative to: Program policy {SNLCA1 – CPERHED2} | 0 basis points = 0 +50 basis points = 1.0 +100 basis points = 1.5 |

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Quantitative Performance Measures (cont.)

| Weight | Factor | Performance Measure | Incentive Schedule |
|--------|--------------------------------------|--|---|
| 5% | Domestic & International Fundamental | Return deviation in basis points relative to: Domestic Fundamental Portfolio versus CalPERS Custom Wilshire 2500 {SWDS – YO82} (50%) International Fundamental Portfolio versus CalPERS FTSE Dev World Ex US & Tobacco {SWEU – QR32} (50%) | 0 basis points = 0 +50 basis points = 1.0 +100 basis points = 1.5 |
| 85% | Subtotal | Quantitative Measures | |

Qualitative Performance Measures

| Weight | Factor | Performance Measure | Incentive Schedule |
|--------|------------|---|--------------------|
| 15% | Leadership | <p>Demonstrate a commitment to leadership and ongoing communication within the Investment Office and in the external investment community as follows:</p> <ul style="list-style-type: none"> • Employee Performance and Development – By 6/30/09 ensure 90% completion rate for annual performance appraisals and employee development plans. • Employee Mentoring and Recognition – By 6/30/09, take proactive steps to coach and mentor employees, provide succession planning, and acknowledge staff (e.g. through activities such as providing training and development opportunities, holding recognition events, and effectuating the transfer of knowledge) • 360 Feedback Process – <ul style="list-style-type: none"> • By 12/1/08 begin the individual 360 feedback survey assessment process. • By 2/1/09 identify one to two areas of personal development. • By 6/30/09, participate in all personal coaching sessions provided and complete the development opportunity identified. • Investment Office Strategic Initiatives and Cultural Alignment – Ensure the successful implementation of the strategy and cultural alignment efforts by completing the following: <ul style="list-style-type: none"> • By 9/30/08, identify from our cultural profile an area in which we need to improve our culture and implement an improvement in my area by 3/30/09. | From Schedule |

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Qualitative Performance Measures (cont.)

| Weight | Factor | Performance Measure | Incentive Schedule |
|--------|-------------------|--|--------------------|
| | Leadership, cont. | <ul style="list-style-type: none"> By 12/31/08, participate in a cultural reinforcement session with the Investment Office. By 6/30/09, participate in the implementation of at least one Investment Office strategic initiative. By 6/30/09, contribute to healthy dynamics and cultural alignment in the Investment Office (e.g. by demonstrating productive participation in meetings, communicating across asset classes, and clearly setting and communicating priorities) External Investment Community – By 6/30/09, represent CalPERS in the external investment community through a meaningful and substantive engagement as follows: <ul style="list-style-type: none"> Serve on at least one external board or committee; or Conduct at least one presentation at conference or similar event; or write an article. Diversity - By June 30, 2009, actively promote and achieve diversity among our investment partners and staff by doing at least two of the following: <ul style="list-style-type: none"> Participate in at least one event designed to recruit staff to CalPERS Participate in at least one outreach, education, or networking event that supports diversity in the public pension fund partner/manager community Identify and gain approval for a diversity related initiative or project in the Investment Office or in the CalPERS enterprise(e.g., identify and implement a new emerging manager program, suggest and obtain approval for an outreach or educational event, identify and eliminate a requirement in an existing program that may serve as an artificial hurdle for new and emerging firms, or identify and implement an expansion or enhancement to an existing diversity program or effort) | |
| 15% | Subtotal | Qualitative Measures | |
| 100% | Total | Quantitative and Qualitative Measures | |